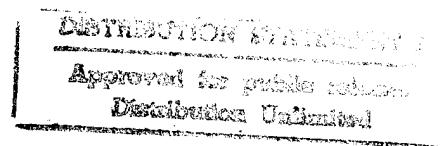




ISSUES IN US-CHINA RELATIONS, 1949-84

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Author: Beth Green

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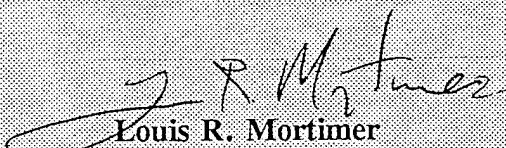
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PREFACE

This brief analysis and its accompanying chronology were prepared in support of estimates on relations between the United States and the People's Republic of China. It surveys the issues of critical concern in bilateral and strategic relations between the United States and China since 1949 and provides a more in-depth discussion of the 6-month period reported on in the chronology.

The analysis and chronology are based on open source data taken primarily from Chinese media up to the end of 1983.

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ISSUES IN US-CHINA RELATIONS, 1949-84

1. BACKGROUND

a. Pre-Normalization

For the first 20 years after the founding of the People's Republic of China in 1949, relations with the United States were hostile and contacts virtually nonexistent. Periodic talks held between the two nations from 1955 on in Geneva and Warsaw did not result in any breakthrough in the state of relations. Taiwan was the crucial issue at that time, with the US demanding that China not use force in regaining the island and China insisting on the withdrawal of US troops and termination of the mutual defense treaty. The cold war situation and internal politics on both sides prevented a resolution. During the period of close Sino-Soviet cooperation in the 1950s, the world's two largest Communist nations appeared to be united in a monolithic threat to the United States and its allies. After breaking with the Soviet Union, China became isolated internationally as it struggled through the domestic turmoil of the Cultural Revolution. During this period, Chinese statements professed enmity and distrust for both the Soviet Union and the United States.

By the early 1970s, a shift in the global political situation developed as changes in American views coincided with Chinese strategic concerns following the 1968 Soviet invasion of Czechoslovakia and the 1969 Sino-Soviet border clashes. Under the Nixon administration the United States moved away from the "domino theory" of a Communist takeover in Asia and set out to extricate itself from the situation in Vietnam. This provided an opening for a Sino-US rapprochement, a development made public when President Richard Nixon announced that he would visit China in 1972. The reasoning given on the US side for this dramatic shift from an inimical to a tentatively friendly relationship was that a stable world peace could not be achieved without the participation of a nation as large as China. For China, closer relations with the US made for a less hostile international environment. Although Chinese statements emphasized the decline of US power in Asia, the Chinese leadership saw strategic relations with the US as a useful counter-weight to Soviet pressure. The Shanghai Communique, signed during Nixon's 1972 visit, was purposefully ambiguous on the most difficult issue which had blocked better US-China relations since the 1950s, the issue of Taiwan. Both sides were willing to put it aside temporarily, in order that the strategic relationship could begin to move forward.

During the 1970s China emerged from its international isolation as it undertook to recover from the excesses of the Cultural Revolution. Beijing was admitted to the United Nations and each year more nations recognized the People's Republic diplomatically. Public opinion in the United States also grew increasingly favorable to China, as enthusiastic travelers' reports replaced what had been a void of information on conditions behind the "Bamboo Curtain." President Gerald Ford visited China in 1975, and came away with the belief that, in spite of certain differences, bilateral relations could

continue to improve. Friendly relations with China became a central part of the United States' foreign policy of opposing Soviet hegemony in Asia, although the Watergate scandal and electoral politics continued to delay further normalization of the relationship. In China, the antiforeign atmosphere created by the anti-Confucius campaign in 1974 and instability following the deaths of Mao, Zhou, and other leaders in 1976 forestalled any impetus for progress in US-China relations from the Chinese side.

b. Since Normalization

By the end of the 1970s, China had embarked on a more stable course of political and economic development, including an "open door" policy toward the rest of the world. All other major nations had already established diplomatic relations with the People's Republic when President Jimmy Carter announced that the United States and China would normalize relations as of 1 January 1979. Carter's announcement shocked some who regarded it as a betrayal of a US ally, Taiwan, but most agreed that recognizing China would be the foundation of a realistic United States foreign policy in Asia.

In the 5 years since normalization, relations between the United States and China have proceeded from a period of euphoria and high expectations, through one of disillusionment, to the beginning of a new period which portends to be more balanced. In the first 2 years after normalization, and especially around the time of Deng Xiaoping's visit to the United States in 1979, the possibilities for US-China cooperation seemed limitless. Underlying differences in social systems and unresolved issues, such as Taiwan, were deferred as expectations soared. Both Chinese and US leaders spoke of forming a united front against Soviet hegemony in Asia, implying a US-Chinese unity of purpose.

By 1981, when these expectations for US-China relations proved unrealistic, the euphoria began to wane. The American business community's high hopes for the "China market" had not been fulfilled. The Chinese side became wary of the newly elected Reagan administration after the pro-Taiwan statements Mr. Ronald Reagan made as a candidate and as president. The great increase in business, academic, and other exchanges since normalization also gave rise to conflicts. A change also occurred in US public opinion, as the media carried more negative reporting on China, at least partially as a reaction against the overly naive view of Chinese society which had become popular during the 1970s. A policy of economic "retrenchment" in China meant a pullback from some overly ambitious development schemes entered into under the high tide of "opening to the West." In addition to a dampening of the domestic mood on both sides, a string of discordant issues plagued US-China relations from 1981-1983: Taiwan arms sales; technology transfer disagreements; problems renewing the textile agreement; well-publicized defections such as that of the young tennis player, Hu Na; legal issues such as the Huguang Railway Bonds suit; and the US Congressional activities on "the future of Taiwan." During this time, US arms sales to Taiwan brought forth the most vociferous response from the Chinese side. The Chinese threat of downgrading relations with the US in retaliation, as China had done when the Netherlands concluded a submarine sale to Taiwan, seemed possible. The 17

August 1982 Communique may have avoided a major breakdown in relations, although the two sides later claimed to hold quite different interpretations of its terms. Starting with the Shanghai Communique in 1972, the United States and China have been able to reach diplomatic agreements by allowing a degree of ambiguity on the Taiwan issue.

The Chinese Communist Party 12th National Congress in September 1982 confirmed Beijing's independent foreign policy line which stressed that China "does not attach itself to any superpower." The period of disillusionment and reappraisal of United States-China relations was probably inevitable, because of China's need to distance itself from the United States for internal political reasons and to enhance its credibility in the eyes of the Third World and the Chinese people.

2. REVIEW OF JULY-DECEMBER 1983

Since the second half of 1983, US-China relations appear to be entering a new and different stage which may avoid the inconsistent course of the previous 5 years, if objective viewpoints on both sides prevail. The decision to consider China in the "friendly, non-allied" category for technology transfer and Defense Secretary Casper Weinberger's visit to China in September 1983 are the most noteworthy indications of a move toward a closer relationship, possibly involving some form of military or military-related cooperation. Premier Zhao Ziyang and President Reagan agreed to exchange visits in early 1984. These will undoubtedly lend a higher profile to US-China relations. Whatever forms strategic cooperation takes in this new stage, a return to the late 1970s call for a united front against Soviet hegemony is unlikely. A more likely development will be a private dialog on issues of mutual concern and continuing growth in economic and trade relations. Chinese leaders insist that the "open door" policy is a necessary cornerstone for the modernization of China's economy, and specific policies, such as the regulations governing joint ventures, have just recently been detailed. The recent technology transfer decision is a very important symbol of friendlier relations, but its full impact will only be known as individual cases pass through the review process.

In this new stage of US-China relations, realistic expectations on both sides can help keep the relationship stable and avoid the chain reactions which characterized relations since normalization. China is unlikely to give public support for certain US positions, even though Chinese leaders may voice agreement in private, if such support might undermine China's new independent foreign policy stance. The problem of Taiwan will continue to be an irritant in US-China relations, and will come to the fore periodically, since both sides realize it has not yet actually been solved.

In assessing how realistic and stable this new period of US-China relations will be, the following aspects must be considered:

- o the development of economic relations, especially long-term commitments such as joint ventures, investments, and participation in oil and other resource exploration,

- o military visits and military-related sales or technology transfer;
- o Chinese statements on international issues of concern to the US;
- o domestic politics and public mood in China and the United States, especially if the 1984 US election leads to a change in administration, as well as possible changes in the post-Deng period in China;
- o how both governments choose to handle and publicize such hard to predict incidents as defections and accidents which may alter the course of relations between two nations; and
- o China's relations with its two most powerful Asian neighbors, the Soviet Union and Japan, which will affect how much China needs or desires to cooperate with the US.